



Summary of Opportunities

The following tables summarize the results of this analysis. More detail on how the To-Be Estimates were determined follow.

Functional Area View

<i>Functional Area</i>	<i>Current FTEs*</i>	<i>To-Be Estimates</i>
Contract Servicing	51	24
Hearings	41	18**
Loan Servicing	39	20
Regional Office Specific Function	35	21**
DC (Program Mgt, Systems/Contracts, DCS)	20	13
Front Office (Management)	17	12
TOTAL	203	108

(Possible reduction of 95 FTEs)

Regional Office View

<i>Regional Office</i>	<i>Current FTEs</i>	<i>To-Be Estimates</i>
Chicago	59	25
Atlanta	66	32
San Francisco	54	35
DC	24	16
TOTAL	203	108

* Based on HR 1/02 numbers. Does not include Sybil.

** Additional reductions are a strong possibility depending on degree change opportunities can be implemented.



Contract Services

Core functions: Develop policies and processes to validate, service, collect and resolve debts through contractors; monitor and review contractor work (PIC- Chicago, PCAs- Atlanta, Loan Discharges- San Francisco)

<i>Current FTEs:</i>	<i>To-Be Estimates:</i>
23 Atlanta (21 reported)*	7 Atlanta (2 contracts to a person plus one branch manager)
17 Chicago (18 reported)*	8 Chicago (based on 55% reduction in work)
<u>11 San Francisco (14 reported)*</u>	<u>9 San Francisco (based on 20% reduction in work)</u>
51 TOTAL	24 TOTAL

* Refers to the totals reported by the Regional Offices.

Overall Opportunities	Impacts	Next Steps	Owner (s)
1. Increase incentives for quick issue resolution and other efficiencies	<ul style="list-style-type: none"> Increased number of resolutions at lowest level so they don't escalate to Congressional and Ombudsman inquiry (e.g., \$3 regular phone call vs. \$300 for Ombudsman) Supports other recommendations for decreased oversight and review of contractor work 	<ul style="list-style-type: none"> Review performance metrics so they are not only numbers based but results based Renegotiate contracts and/or build in to new contracts (e.g., AFSA) 	Regional Directors, Branch Mgrs, COTRs
2. Provide intranet-based policies and procedures, QAs, and samples to contractors	<ul style="list-style-type: none"> Supports other recommendations for decreased oversight and review of contractor work 	<ul style="list-style-type: none"> Work with SFA University (SFA U) to enhance intranet, ensuring clarity and easability 	Regional Directors, Branch Mgrs
3. Continue to enhance contractor training	<ul style="list-style-type: none"> Supports other recommendations for decreased oversight and review of contractor work 	<ul style="list-style-type: none"> Work with SFA U to enhance current training—increasing clarity, more interesting 	Regional Directors, Branch Mgrs



Contract Services (continued)

Atlanta Opportunities	Impacts	Next Steps	Owner (s)
4. Decrease PCA oversight by implementing the following: <ul style="list-style-type: none"> Assign 1-2 contracts per FTE (new system will facilitate this with more efficient account assignment, reviewing, etc.) 	<ul style="list-style-type: none"> Initial change could be one person per contract (12 contracts), and one Branch Manager (13 FTEs, a reduction of 10 FTEs). Later change ('03) reduce to two people per contract and one Branch Manager (7 people, an additional 6 FTE reduction) 	<ul style="list-style-type: none"> Meet with regional director to develop change plan for decreasing PCA oversight/reviews and FTEs 	Executive Team*, Regional Director, Branch Mgr
<ul style="list-style-type: none"> Review only select PCA recommendations for account compromises/discharges 	<ul style="list-style-type: none"> Eliminate or decrease need to review recommendations for account compromises (supports FTE reduction) 	<ul style="list-style-type: none"> Develop new review/monitoring policies (e.g., review on a quarterly basis as opposed to monthly) 	Regional Director, Branch Manager
<ul style="list-style-type: none"> Eliminate separate Access database for PCA invoices with new system 	<ul style="list-style-type: none"> Decrease time to generate invoices (supports FTE reduction) Reduces staff responsibilities 	<ul style="list-style-type: none"> Continue working with DMCS Replacement Team to build into new system 	DMCS Replacement Team
<ul style="list-style-type: none"> Decrease PCA travel 	<ul style="list-style-type: none"> Reduce operational costs. 	<ul style="list-style-type: none"> Develop policies/procedures to increase remote monitoring 	Regional Director
<ul style="list-style-type: none"> Build credit card functions into payment receivables 	<ul style="list-style-type: none"> Reduces staff responsibilities Credit card functions currently equivalent of 1 FTE 	<ul style="list-style-type: none"> Work with COTR to build credit card functions into next NPC contract (04?) 	Regional Director, Branch Mgr, COTR

* Executive Team refers to Sybil and Gary.

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Contract Services (continued)

Chicago Opportunities	Impacts	Next Steps	Owner (s)
5. Move Public Inquiry Contract (PIC) technical assistance, training and inquiries under responsibility of the Customer Interaction Management (CIM) office	<ul style="list-style-type: none">• Result in a 35% reduction in Chicago Contract Services work (Approx 6 FTEs)• Possibility of some FTEs redeployed CIM organization	<ul style="list-style-type: none">• Work with Consistent Answers team to implement change and develop resource needs	Consistent Answers Team
6. Review select control mail and decrease percentage of noncontrol mail reviewed	<ul style="list-style-type: none">• Result in a 25% reduction in Chicago's Contract Services work (approx 4 FTEs)	<ul style="list-style-type: none">• Meet with Office of General Council (OGC) to discuss alterations to current review practices	Executive Team, Regional Director
7. Decrease number of trips to review contractor work	<ul style="list-style-type: none">• Financial savings (approx. \$20,000 for Chicago). Build in learning curve for AFSA (1 year)	<ul style="list-style-type: none">• Develop policies/procedures to increase remote monitoring• Adjust travel budget	Regional Director, Branch Mgr

San Francisco Opportunities	Impacts	Next Steps	Owner (s)
8. Reduce research time with new system	<ul style="list-style-type: none">• Approx 20% reduction in SF's Contract Servicing work	<ul style="list-style-type: none">• Continue working with DMCS Replacement Team to build into new system	DMCS Replacement Team



Hearings

Core functions: Review written hearings; Conduct in person and oral hearings for customers in order to allow customers to present evidence which they believe absolves them from repaying debts.

Current FTEs: 16 Atlanta (10 reported) 17 Chicago <u>8 San Francisco (10 reported, some part time)</u> 41 TOTAL	To-Be Estimates: 7 Atlanta (based on 60% reduction in work) 8 Chicago (based on 60% reduction in work) <u>3 San Francisco (based on 60% reduction in work)</u> 18 TOTAL <i>* Consolidate Hearings function to one office for additional reductions</i>
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Overall Opportunities	Impacts	Next Steps	Owner (s)
1. Grant authority to contractor to sign-off on hearings; review only small percentage of hearings	<ul style="list-style-type: none"> 50%-70% decrease in work (approx. FTEs: 10 Atlanta, 5 S.F., 10 Chicago) 	<ul style="list-style-type: none"> Meet with OGC to discuss potential changes to reviews/audits 	Regional Director, Branch Mgr
2. Consolidate hearings into one region	<ul style="list-style-type: none"> More efficient, streamlined process 	<ul style="list-style-type: none"> Review how PIC currently conducts hearings as they do all types out of one office Develop long term consolidation plan 	Executive Team
Atlanta Opportunities	Impacts	Next Steps	Owner (s)
3. Provide borrower an option to determine if he is in hardship prior to requesting a hearing	<ul style="list-style-type: none"> Decreased valid hardship appeals by 2,500. PIC charges: (\$30 * 2,500= \$75,000) Decrease staff review by 25%= (from 60% of time to 45%) * Figures taken from <i>Process Improvement Opportunities</i> (9/01) 	<ul style="list-style-type: none"> Determine system needs to determine hardship cases Develop new process 	Regional Director, Branch Mgr
4. Simplify Hearings process by having all hearing requests sent directly to the contractor	<ul style="list-style-type: none"> Supports decreased work Increases efficiencies 	<ul style="list-style-type: none"> Gain approval (OGC?) Change address... 	Regional Director, Branch Mgr



Hearings (continued)

Chicago Opportunities	Impacts	Next Steps	Owner (s)
5. Develop an <i>integrated</i> imaging capabilities to eliminate mailing and manual verification of requests	<ul style="list-style-type: none">Decrease work by 5-15% (approx. 2 FTEs)	<ul style="list-style-type: none">Continue to work with DMCS Replacement Team to ensure functionality	DMCS Replacement Team



Loan Servicing

Core functions: Develop policies and processes to collect and service debts and collecting by voluntary and involuntary means; review contractor decisions; answer more complicated customer issues; research account information to resolve customer disputes; portfolio management (data integrity analysis); work with Ombudsman to resolve inquiries (Chicago only).

<i>Current FTEs:</i> 13 Atlanta 12 Chicago <u>14 San Francisco (9 reported)</u> 39 TOTAL	<i>To-Be Estimates:</i> 7 Atlanta (based on 50% reduction) 6 Chicago (50% reduction) <u>7 San Francisco (based on 50% reduction)</u> 20 TOTAL
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Overall Opportunities	Impacts	Next Steps	Owner(s)
1. Implement integrated call center to answer all direct calls	<ul style="list-style-type: none"> Approx. 15% decrease work Atlanta, 5% Chicago, 10% San Francisco (approx. 1-2 FTEs per office) 	<ul style="list-style-type: none"> Work with Consistent Answers Team on the roll out 	Consistent Answers Team
2. Train contractors to better resolve calls, decreasing those forwarded on to the regions	<ul style="list-style-type: none"> Approx. 5-15% decrease in work 	<ul style="list-style-type: none"> Work with regional directors to increase decision authorities of contractor Work with SFA U to improve contractor training 	Executive Team, Regional Directors, Branch Mgr
3. Reduce redundancy by giving more responsibility and authorities to contractors	<ul style="list-style-type: none"> Less need for review Supports resource reduction 	<ul style="list-style-type: none"> Renegotiate contracts, as necessary Reengineer review processes 	Executive Team, Regional Directors, COTR
4. Reevaluate resource needs	<ul style="list-style-type: none"> Possible that 50% reduction in FTEs will not impact core LS responsibilities—assuming system efficiencies are implemented (approx. 17 people) 	<ul style="list-style-type: none"> Conduct time in motion study to better determine resource needs 	Executive Team, Regional Directors



Loan Servicing (continued)

Overall Opportunities	Impacts	Next Steps	Owner (s)
5. Consider combining Loan Servicing branch with regional specific branch	<ul style="list-style-type: none"> As more “loan servicing” functions are outsourced, this branch could focus solely on data integrity issues, in addition to the adhoc regional branch activities (e.g., Litigation Services, AWG) 	<ul style="list-style-type: none"> Meet with regional directors to discuss feasibility 	Executive Team, Regional Directors,
Atlanta Opportunities	Impacts	Next Steps	Owner (s)
6. Automate clerical work related to reporting, correspondence and data integrity	<ul style="list-style-type: none"> 35% reduction in work 	<ul style="list-style-type: none"> Continue to work with DMCS Replacement Team to build in functionalities 	DMCS Replacement Team
Chicago Opportunities	Impacts	Next Steps	Owner (s)
7. Reduce time to research through new system (DMCS)	<ul style="list-style-type: none"> Research time reduced in half (from 30% to 15% of workload—approx 2 FTEs) 	<ul style="list-style-type: none"> Continue to work with DMCS Replacement Team to build in functionalities 	DMCS Replacement Team
8. PIC takes over log correspondence	<ul style="list-style-type: none"> Reduction of 2 FTEs 	<ul style="list-style-type: none"> Currently being negotiated in contract 	Regional Director
San Francisco Opportunities	Impacts	Next Steps	Owner (s)
9. Reduce time to research through new system (DMCS)	<ul style="list-style-type: none"> Research time reduced in half (from 30% to 15% of workload—approx 2 FTEs) 	<ul style="list-style-type: none"> Continue to work with DMCS Replacement Team to build in functionalities 	DMCS Replacement Team



AWG Branch (Atlanta)

Core function: Respond to and resolve borrower litigation pertaining to AWG in conjunction with OGC and DOJ.

<i>Current FTEs:</i> 8 Atlanta	<i>To-Be Model:</i> 8 Atlanta (significant changes are dependent on DOJ negotiations) * Opportunity to combine branch with Loan Servicing
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Atlanta Opportunities	Impacts	Next Steps	Owner (s)
1. Explore whether the role of DOJ could be increased—or, ideally, have litigation support move entirely to DOJ.	<ul style="list-style-type: none">70% decrease in work	<ul style="list-style-type: none">Meet with DOJ to discuss reallocation of responsibilities.	Executive Team, Regional Director



IV&V Branch (Chicago)

Core function: Refund verification; some portfolio management (determine accounts and amounts that are collectable or should be written off)

<i>Current FTEs:</i> 10 Chicago (11 reported)	<i>To-Be Estimates:</i> 0 Chicago - Opportunity to eliminate Branch as major functions will be automated. Move oversight of refunds and portfolio management to new “Loan Servicing” Branch.
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Chicago Opportunities	Impacts	Next Steps	Owner (s)
1. Automate refunds	<ul style="list-style-type: none">70% decrease in work	<ul style="list-style-type: none">Continue to work with DMCS Replacement Team to build in functionalities.	Regional Director DMCS Replacement Team
2. Reduce need for location code cleanup	<ul style="list-style-type: none">Approx. 1 FTE	<ul style="list-style-type: none">Continue to work with DMCS Replacement Team to build in functionalities	Regional Director DMCS Replacement Team
3. Improve interface with NSLDS to resolve PIC reconciliation problems	<ul style="list-style-type: none">Currently takes 20% of time, approx 1 FTE.	<ul style="list-style-type: none">Continue to work with DMCS Replacement Team to build in functionalities	Regional Director, DMCS Replacement Team



Litigation Services (San Francisco)

Core function: Work with OGC and DOJ to collect debts through litigation.

<i>Current FTEs:</i> 17 San Francisco (15 reported)	<i>To-Be Model:</i> 13 San Francisco <ul style="list-style-type: none">• Further reductions depends on negotiations with DOJ Additional opportunity to combine branch with new “Loan Servicing” Branch
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San Francisco Opportunities	Impacts	Next Steps	Owner (s)
1. Explore whether the role of DOJ could be increased—or, ideally, have litigation support move entirely to DOJ	<ul style="list-style-type: none">• Decrease work by minimum 65% (approx 8 FTEs)• (Realistically, not a big possibility)	<ul style="list-style-type: none">• DOJ would need access to data systems – currently inadvisable because too complicated.• Explore options in new system development to have information in a clear format for DOJ• Begin discussions with DOJ on opportunities to simplify process and/or rearrange responsibilities	Executive Team, Regional Director
2. Reduce time for review work by having access to more accurate data (currently have to go to multiple screens, multiple places, complex codes take time to decipher)	<ul style="list-style-type: none">• Research time reduced from 65% of time to 45% of time. (approx. 3 FTEs)	<ul style="list-style-type: none">• Continue to work with DMCS Replacement Team to build in functionalities	DMCS Replacement Team



Debt Collections Systems (DCS)

Core functions: Work with Students organization units to determine IT requirements; contract management (Raytheon); report generation; system administration; special projects

<i>Current FTEs:</i> 6	<i>To-Be Model:</i> 2 (1 Contract Manager and 1 Business Requirements Manager responsible for representing Government interests)
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Opportunities	Impacts	Next Steps	Owner (s)
<ol style="list-style-type: none">1. Automate production support and adhoc report generation2. Include system administration as part of shared in savings with solution vendor3. Develop future goal of DCS office—what responsibilities should continue, what can be given to solution vendor, what responsibilities can be eliminated.	<ul style="list-style-type: none">• Potential decrease of 4 FTEs	<ul style="list-style-type: none">• Work with DMCS Replacement Team to determine ongoing system administration needs and shared in savings opportunities	Executive Director, DMCS Replacement Team



Program Management

Core functions: Develop policies, procedures for debt collection and defaulted student loans; Collection Cost Lawsuit; NSLDS Reporting, Mandatory assignment; Matching programs (FDP, ICRP, CAIFRS) (Adara Walton)

<i>Current FTEs:</i> 7	<i>To-Be Model:</i> 7
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No changes

Systems and Contracts TOP/FDP

Core functions: Oversight of systems development; monitor volume and resolution of problem logs; assist in contract modifications/statement of work. TOP/FDP processes.

<i>Current FTEs:</i> 7	<i>To-Be Model:</i> 4 * Decrease by 3 people. Systems and Contracts will be rolled under Program Management. Remaining 4 employees will focus exclusively on TOP and FDP processes.
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DC Opportunities	Impacts	Next Steps	Owner (s)
1. May require an additional resource to manage TOP contract.	<ul style="list-style-type: none">Add 1 FTE	<ul style="list-style-type: none">Define resource need/position descriptionExamine transfer opportunities	Executive Team, Adele
2. Combine Systems and Contracts function with Program Management to have one area looking at the changes from a program and system perspective.	<ul style="list-style-type: none">Possible reduction of 4 FTES	<ul style="list-style-type: none">Continue working with team to determine long term plan (following DMCS implementation)	Executive Team



Front Office (Management)

Core functions: Management and clerical support for regional offices.

Current FTEs: 4 DC (including Wash. Service Center) 3 Chicago 6 Atlanta <u>4 San Francisco</u> 17 TOTAL	To-Be Model: 3 DC (25% reduction) 3 Chicago 3 Atlanta (50% reduction) <u>3 San Francisco (25% reduction)</u> 12 TOTAL
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Opportunities	Impacts	Next Steps	Owner (s)
1. Build employee incentives to increase responsibility, accountability (task based instead of people management; gainsharing as possible)	<ul style="list-style-type: none"> Increased motivation for cost efficiencies Increased job satisfaction 	<ul style="list-style-type: none"> Research best practices for government nonmonetary incentives 	Executive Team, Regional Directors
2. Continue performance and conduct documentation	<ul style="list-style-type: none"> Low performers can be addressed with disciplinary actions 	<ul style="list-style-type: none"> Review performance procedures with Regional Directors Begin documentation 	Executive Team, Regional Directors
3. Tie individual performance measures to organization measures/goals	<ul style="list-style-type: none"> Increased motivation Increased job satisfaction Increased performance and accountability 	<ul style="list-style-type: none"> Build organization performance management system, beginning with organization goals 	Executive Team
4. Streamline management team's clerical support as possible 5. With estimated reductions in staff, reexamine need for 4+ management per regional office	<ul style="list-style-type: none"> Decrease 3 FTEs Atlanta Decrease 1 FTE in San Francisco Decrease 1 FTE DC 	<ul style="list-style-type: none"> Review management team needs/structure with Atlanta and San Francisco Regional Directors 	Executive Team